

BANK INDONESIA REGULATION
NUMBER 24/7/PBI/2022
ON
TRANSACTIONS IN FOREIGN EXCHANGE MARKET

BY THE BLESSINGS OF ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering : a. that to accomplish Bank Indonesia's objective to achieve and maintain rupiah stability, it is necessary to have a liquid, efficient, transparent, and integrity money market to support effectiveness of Bank Indonesia's monetary policy transmission and national economic activities;
- b. that to accomplish a liquid, efficient, transparent, and integrity money market, it may be realized through foreign exchange market development which considers global economic dynamics and market player necessities;
- c. that to boost foreign exchange market development, it is necessary to have an integrated foreign exchange market regulation which gives flexibility to participants by considering the prudential principle;
- d. that based on the considerations as referred to in point a, point b, and point c, it is necessary to establish Bank Indonesia Regulation on Transactions in Foreign Exchange Market;

- Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as amended several times and lastly by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);
2. Law Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);
3. Bank Indonesia Regulation Number 23/10/PBI/2021 on Money Market (State Gazette of the Republic of Indonesia of 2021 Number 167, Supplement to State Gazette of the Republic of Indonesia Number 6703);

HAS DECIDED:

To enact : BANK INDONESIA REGULATION ON TRANSACTIONS IN FOREIGN EXCHANGE MARKET.

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Bank Indonesia Regulation:

1. Bank means a commercial bank as referred to in Law on banking and a sharia commercial bank and sharia business unit as referred to in Law on sharia banking, including branch offices of a bank domiciled overseas excluding offices of a commercial bank and sharia commercial bank which are established under the law of Indonesia and operate overseas.
2. Resident means individuals, legal entities, or other entities domiciled in or planning to domicile in Indonesia at least for

- 1 (one) year, including diplomatic representatives and staff of the Republic of Indonesia overseas.
3. Non-Resident means individuals, legal entities, or other entities which are not domiciled in Indonesia or are domiciled in Indonesia for less than 1 (one) year, including diplomatic representatives and staff of other countries in Indonesia.
 4. Money market means part of financial system related to issuance and trade of financial instruments which has period not more than 1 (one) year, lending-borrowing or financing, currency exchange, derivative transactions of exchange rate and interest rate, and other transactions, in rupiah or foreign currency.
 5. Foreign Exchange Market means part of Money Market related to transaction activities which involve exchange of currencies of 2 (two) different countries, excluding exchange of banknotes provided by money changers.
 6. Underlying Transaction means an activity on which a transaction of foreign currency against rupiah is based.
 7. Supporting Institution in Money Market means a party that may provide services for issuance of Money Market instruments, transaction implementation intermediaries, transaction settlements, administration of instruments and transactions in Money Market, and other parties determined by Bank Indonesia.
 8. Rupiah Transfer means transfer of funds in rupiah to a fund recipient for the interest of Bank or Bank's customers, through cash deposits or transfer between accounts with the same Bank or different Banks, resulting in an increase in rupiah balance of the fund recipient.
 9. Financial Market Infrastructure means a system providing services for trade, clearing, settlement, reporting, and/or recording in relation to payment transactions, securities transactions, derivative transactions, and/or other financial transactions.

10. Sharia Principle means Islamic law principle in transactions in Foreign Exchange Market based on fatwa issued by an institution authorized in fatwa issuance in sharia sector.

CHAPTER II

SCOPE

Article 2

- (1) Bank Indonesia conducts Foreign Exchange Market development through:
 - a. regulation; and
 - b. supervision and imposition of sanctions, on transactions in Foreign Exchange Market conducted between participants.
- (2) The transactions in Foreign Exchange Market as referred to in paragraph (1) include currency exchange in the following forms:
 - a. physical;
 - b. account; and/or
 - c. digital finance instruments.
- (3) The Foreign Exchange Market development as referred to in paragraph (1) includes:
 - a. product;
 - b. participants;
 - c. pricing; and
 - d. Financial Market Infrastructures.

Article 3

Transactions in Foreign Exchange Market include:

- a. transactions of foreign currency against rupiah; and
- b. transactions of a foreign currency against another foreign currency.

Article 4

- (1) The Transactions of Foreign Exchange Market as referred to in Article 3 may be conducted under Sharia Principles.

- (2) Fulfillment of the Sharia Principles as referred to in paragraph (1) is stated in the form of fatwa and/or sharia compliance statement by the authority which have an authority over fatwa and/or sharia compliance statement issuance.
- (3) Further provisions for the transactions in Foreign Exchange Market under Sharia Principles as referred to in paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

CHAPTER III TRANSACTIONS

Part One Types of Transactions

Article 5

- (1) Types of transactions in Foreign Exchange Market as referred to in Article 3 consist of:
 - a. cash transactions;
 - b. exchange rate derivative transactions or hedging transactions under Sharia Principles; and
 - c. other foreign currency transactions determined by Bank Indonesia.
- (2) The cash transaction as referred to in paragraph (1) point a includes:
 - a. transaction where fund transfer is made on the same day (today transaction);
 - b. transaction where fund transfer is made 1 (one) business day after the transaction date (tomorrow transaction); and
 - c. transaction where fund transfer is made 2 (two) business days after the transaction date (spot transaction).
- (3) The exchange rate derivative transaction as referred to in paragraph (1) point b includes:

- a. standard exchange rate derivative transaction (plain vanilla); and
 - b. structured product transaction.
- (4) The hedging transaction under Sharia Principles as referred to in paragraph (1) point b includes:
- a. simple hedging transaction (*aqd al-tahawwuth al-basith*); and
 - b. complex hedging transaction (*aqd al-tahawwuth al-murakkab*).
- (5) Further provisions for types of transactions in Foreign Exchange Market as referred to in paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

Part Two
Contract

Article 6

- (1) Exchange rate derivative transactions in Foreign Exchange Market are conducted under a contract.
- (2) Hedging transactions under Sharia Principles in Foreign Exchange Market are conducted under a forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*).
- (3) The contract as referred to in paragraph (1) and the forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*) as referred to in paragraph (2) may refer to a contract and forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*) commonly used by participants and/or issued by the relevant association.
- (4) Further provisions for the contract as referred to in paragraph (1) and the forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*) as referred to in paragraph (2) shall be regulated in the Regulation of Member of Board of Governors.

Part Three
Transaction Time

Article 7

- (1) Bank Indonesia determines the time of transactions of foreign currencies against rupiah conducted between Banks in Foreign Exchange Market.
- (2) Bank is prohibited from conducting transactions of foreign currencies against rupiah between Banks in Foreign Exchange Market beyond the transaction time determined by Bank Indonesia as referred to in paragraph (1).
- (3) Any Bank which breaches the provisions as referred to in paragraph (2) is subject to administrative sanction in the form of written warning.
- (4) Provisions for transaction time in Foreign Exchange Market as referred to in paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

Part Four
Underlying Transactions

Article 8

- (1) Any Bank conducting transactions of foreign currencies against rupiah is required to ensure:
 - a. transactions of foreign currencies against rupiah in the following forms:
 1. purchase transactions in cash in a nominal value higher than a certain amount (threshold);
 2. exchange rate derivative transactions in a nominal value higher than a certain amount (threshold); and
 3. hedging transactions under Sharia Principles, have an Underlying Transaction;
 - b. transaction participants in Foreign Exchange Market submit Underlying Transaction documents for each transaction of foreign currency against rupiah as referred to in point a;

- c. transaction participants in Foreign Exchange Market submit transaction supporting documents;
 - d. the maximum nominal value of foreign currency transaction against rupiah is equal to the nominal value of the Underlying Transaction; and/or
 - e. the longest period of foreign currency transaction against rupiah is the same as the Underlying Transaction period.
- (2) the Underlying Transaction as referred to in paragraph (1) is evidenced by:
- a. final Underlying Transaction documents; or
 - b. estimation Underlying Transaction documents.
- (3) Bank must ensure accuracy and fairness of Underlying Transaction documents submitted by transaction participants in Foreign Exchange Market.
- (4) Transactions of foreign currency against rupiah conducted between Banks are exempted from the obligation Underlying Transaction fulfillment as referred to in paragraph (1).
- (5) Any Bank which breaches the provisions as referred to in paragraph (1) is subject to the following administrative sanctions:
- a. written warning; and
 - b. payment obligation of 1% (one percent) of the nominal amount of the breached transaction for each breach in a minimum payment obligation sanction of Rp10,000,000.00 (ten million rupiah) and maximum of Rp1,000,000,000.00 (one billion rupiah).

Article 9

- (1) The Underlying Transactions as referred to in Article 8 paragraph (1) consist of:
- a. current account transactions;
 - b. financial account transactions;
 - c. capital account transactions;
 - d. credit or financing from Bank to a Resident for trade and investment purposes;

- e. domestic trade of goods and services; and
 - f. any other Underlying Transactions determined by Bank Indonesia.
- (2) the Underlying Transactions as referred to in paragraph (1) exclude:
- a. any securities issued by Bank Indonesia;
 - b. fund placement;
 - c. un-withdrawn credit or financing facilities; or
 - d. crypto assets.
- (3) The fund placement as referred to in paragraph (2) point b and the un-withdrawn credit or financing facilities as referred to in paragraph (2) point c may serve as an Underlying Transaction for a certain transaction.
- (4) Bank must ensure that an Underlying Transaction used for a transaction in Foreign Exchange Market under Sharia Principles is not contrary to Sharia Principles.
- (5) Any Bank which breaches the provisions as referred to in paragraph (4) is subject to an administrative sanction in the form of written warning.

Article 10

Further provisions for Underlying Transactions shall be regulated in the Regulation of Member of Board of Governors.

Part Five

Transactions through a Third Party

Article 11

- (1) The transactions of foreign currency against rupiah as referred to in Article 3 point a for certain economic activities may be conducted through a third party.
- (2) Bank must consider prudential principles in analyzing Underlying Transaction documents used for transactions in Foreign Exchange Market conducted through a third party as referred to in paragraph (1).
- (3) Further provisions for the certain economic activities and transactions through a third party as referred to in

paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

Part Six

Transaction Settlements

Article 12

Settlements of transactions of foreign currencies against rupiah as referred to in Article 3 point a may be conducted by the following manners:

- a. transfer of principal fund in a full amount (gross); and
- b. transfer of fund by calculating the offset of obligation over the transactions (netting).

Article 13

- (1) Bank is required to settle the transactions of foreign currencies against rupiah as referred to in Article 3 point a in cash as referred to in Article 5 paragraph (1) point a by gross transfer.
- (2) Bank is required to settle transactions of foreign currencies against rupiah with counterparty in the form of non-bank money changers by physical delivery of foreign currency in the form of banknotes.
- (3) Any Bank which breaches the provisions as referred to in paragraph (1) and paragraph (2) is subject to the following administrative sanctions:
 - a. written warning; and
 - b. payment obligation of 1% (one percent) of the nominal amount of the breached transaction for each breach in a minimum payment obligation sanction of Rp10,000,000.00 (ten million rupiah) and maximum of Rp1,000,000,000.00 (one billion rupiah).

Article 14

- (1) For foreign exchange derivative transactions against rupiah and hedging transactions under Sharia Principles, the following may apply:

- a. roll over;
 - b. early termination; or
 - c. unwind.
- (2) The roll over, early termination, or unwind as referred to in paragraph (1) may be exempted for certain foreign exchange derivative transactions.

Article 15

In the event of default by one of the transacting parties, transactions in Foreign Exchange Market may be settled by close-out netting to the extent it is required or agreed under the contract.

Article 16

Further provisions for transaction settlements shall be regulated in the Regulation of Member of Board of Governors.

Part Seven

Prohibitions and Limitations of Transactions

Article 17

- (1) Bank is prohibited from conducting the following transactions:
- a. transfer of rupiah to overseas;
 - b. non-deliverable forward transactions of foreign currencies against rupiah overseas;
 - c. provide overdrafts and credit and/or financing for foreign currency transactions against rupiah;
 - d. provide overdrafts and credit and/or financing in rupiah or foreign currency to Non-Residents;
 - e. purchase securities in rupiah issued by Non-Residents;
 - f. invest in rupiah to Non-Residents; and
 - g. other transactions determined by Bank Indonesia.
- (2) The prohibition as referred to in paragraph (1) is exempted for:
- a. certain activities for local currency settlements;

- b. intraday overdraft for foreign currency transactions against rupiah;
 - c. provision of credit or financing to Non-Residents with requirements for certain economic activities in Indonesia;
 - d. purchase of securities related to certain economic activities in Indonesia; and
 - e. other transactions determined by Bank Indonesia.
- (3) Any Bank which breaches the provisions as referred to in paragraph (1) is subject to the following administrative sanctions:
- a. written warning; and
 - b. payment obligation of 1% (one percent) of the nominal amount of the breached transaction for each breach in a minimum payment obligation sanction of Rp10,000,000.00 (ten million rupiah) and maximum of Rp1,000,000,000.00 (one billion rupiah).

Article 18

- (1) Rupiah Transfer recipient Bank is required to ensure that any Rupiah Transfer to an account in Indonesia held by a Non-Resident, or held by a Non-Resident and Resident in the form of joint account above a certain amount has an Underlying Transaction.
- (2) Any Rupiah Transfer which:
- a. comes from a foreign exchange derivative transaction or hedging transaction under Sharia Principles, for foreign currency transactions against rupiah; or
 - b. is Rupiah Transfer between rupiah accounts held by the same Non-Resident,
- is exempted from obligation of Underlying Transactions as referred to in paragraph (1).
- (3) Any Bank which breaches the provisions as referred to in paragraph (1) is subject to the following administrative sanctions:
- a. written warning; and

- b. payment obligation of 1% (one percent) of the nominal amount of the breached transaction for each breach in a minimum payment obligation sanction of Rp10,000,000.00 (ten million rupiah) and maximum of Rp1,000,000,000.00 (one billion rupiah).

Article 19

Further provisions for transaction prohibitions as referred to in Article 17 and transaction limitations as referred to in Article 18 shall be regulated in the Regulation of Member of Board of Governors.

CHAPTER IV

TRANSACTION PARTICIPANT AND SUPPORTING INSTITUTIONS IN MONEY MARKET IN FOREIGN EXCHANGE MARKET

Article 20

- (1) Parties conducting activities in Foreign Exchange Market include:
 - a. transaction participants in Foreign Exchange Market; and
 - b. Supporting Institution in Money Market in Foreign Exchange Market.
- (2) The transaction participants in Foreign Exchange Market as referred to in paragraph (1) point a include:
 - a. Residents; and
 - b. Non-Residents.
- (3) The Supporting Institution in Money Market in Foreign Exchange Market as referred to in paragraph (1) point a consists of:
 - a. brokerage companies;
 - b. electronic trading platform providers; and
 - c. any other parties determined by Bank Indonesia.

Article 21

- (1) Transaction participants in Foreign Exchange Market must conduct transactions in Foreign Exchange Market with the following counterparties:
 - a. Bank; and/or
 - b. any other parties determined by Bank Indonesia.
- (2) Transactions in Foreign Exchange Market as referred to in paragraph (1) may be conducted through a Supporting Institution in Money Market in Foreign Exchange Market.

Article 22

Hedging transactions under Sharia Principles may only be applied by:

- a. a Resident and/or Non-Resident other than Bank to a sharia commercial bank or sharia business unit;
- b. a sharia commercial bank or sharia business unit to another sharia commercial bank or sharia business unit;
or
- c. a sharia commercial bank or sharia business unit to a conventional commercial bank.

Article 23

- (1) Bank Indonesia may determine the use of investor's identity for a transaction participant in Foreign Exchange Market conducting a transaction under a certain Underlying Transaction.
- (2) Provisions for the use of investor's identity as referred to in paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

Article 24

- (1) Bank must record Transactions in Foreign Exchange Market.
- (2) The recording of Transactions in Foreign Exchange Market as referred to in paragraph (1) refers to the accounting standard issued by the authorized institution.

Article 25

- (1) Bank must administer Underlying Transaction documents submitted by transaction participants in Foreign Exchange Market.
- (2) Period of the administration of Underlying Transaction documents as referred to in paragraph (1) shall follow the laws and regulations on corporate documents.

CHAPTER V
REFERENCE RATES

Article 26

- (1) Bank Indonesia determines the following reference rates in Foreign Exchange Market:
 - a. Jakarta Interbank Spot Dollar Rate; and
 - b. non-USD/IDR reference rate.
- (2) The reference rates in Foreign Exchange Market as referred to in paragraph (1) may be used as a reference for transactions in Foreign Exchange Market.
- (3) Further provisions for determination of reference rates in Foreign Exchange Market as referred to in paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

CHAPTER VI
FINANCIAL MARKET INFRASTRUCTURES

Article 27

- (1) Bank Indonesia determines Financial Market Infrastructures used in transactions in Foreign Exchange Market consisting of:
 - a. transaction implementation facilities;
 - b. clearing implementation facilities;
 - c. transaction administration and settlement facilities;
 - d. fund settlement facilities;
 - e. data and/or information reporting and management facilities; and

- f. any other infrastructures determined by Bank Indonesia.
- (2) Bank Indonesia determines types and standardization of transactions in Foreign Exchange Market to be:
 - a. transacted through transaction implementation facility providers as referred to in paragraph (1) point a;
 - b. cleared through clearing implementation facility providers as referred to in paragraph (1) point b; and/or
 - c. reported through data and/or information reporting and management facility providers as referred to in paragraph (1) point e.

Article 28

- (1) Bank is required to meet types and standardization of transactions in Foreign Exchange Market and use of Financial Market Infrastructures determined by Bank Indonesia as referred to in Article 27 paragraph (2).
- (2) Any Bank which breaches the provisions as referred to in paragraph (1) is subject to an administrative sanction in the form of written warning.
- (3) Further provisions for types and standardization of transactions in Foreign Exchange Market and use of Financial Market Infrastructures as referred to in paragraph (1) shall be regulated in the Regulation of Member of Board of Governors.

CHAPTER VII

DATA AND INFORMATION

Article 29

- (1) Bank is required to report data and/or information on transactions conducted in Foreign Exchange Market to Bank Indonesia through a reporting system determined by Bank Indonesia.

- (2) The reporting system determined by Bank Indonesia as referred to in paragraph (1) is implemented under Bank Indonesia Regulation on integrated commercial bank reporting.
- (3) To monitor transactions in Foreign Exchange Market, Bank Indonesia may capture data and/or information from transaction participants in Foreign Exchange Market.

CHAPTER VIII SUPERVISION

Article 30

- (1) Bank Indonesia conducts supervision in Foreign Exchange Market.
- (2) In conducting the supervision as referred to in paragraph (1), Bank Indonesia may coordinate with other authorized authority.
- (3) The supervision as referred to in paragraph (1) includes:
 - a. indirect supervision; and/or
 - b. inspection.

Article 31

- (1) Bank Indonesia may assign another party to conduct the inspection as referred to in Article 30 paragraph (3) point b.
- (2) The other party assigned to conduct inspection as referred to in paragraph (1) is required to maintain confidentiality of data, information, and/or any other details obtained from the inspection result.
- (3) Any party assigned for inspection which breaches the provisions as referred to in paragraph (2) is subject to an administrative sanction in the form of written warning.

CHAPTER IX
PRUDENTIAL PRINCIPLES AND RISK MANAGEMENT

Article 32

- (1) Bank must effectively apply prudential principles and risk management.
- (2) The application of prudential principles and risk management as referred to in paragraph (1) refers to the laws and regulations.

CHAPTER X
CONSUMER PROTECTION

Article 33

- (1) Banks and Supporting Institutions in Money Market in Foreign Exchange Market must meet consumer protection principles.
- (2) The consumer protection principles as referred to in paragraph (1) are applied under the laws and regulations.

CHAPTER XI
COORDINATION

Article 34

Bank Indonesia may coordinate with authorities, institutions, agencies, and/or any other relevant parties in conducting the Foreign Exchange Market development as referred to in Article 2 paragraph (1).

CHAPTER XII
TRANSITIONAL PROVISIONS

Article 35

Any Bank which has performed Foreign Currency Transactions prior to the enforcement of this Bank Indonesia Regulation may continue the transactions until their due date as regulated in:

- a. Bank Indonesia Regulation Number 18/2/PBI/2016 on Hedging Transactions under Sharia Principles (State Gazette of the Republic of Indonesia of 2016 Number 36, Supplement to State Gazette of the Republic of Indonesia Number 5850);
- b. Bank Indonesia Regulation Number 18/18/PBI/2016 on Foreign Currency Transactions against Rupiah between Banks and Domestic Parties (State Gazette of the Republic of Indonesia of 2016 Number 183, Supplement to State Gazette of the Republic of Indonesia Number 5926);
- c. Bank Indonesia Regulation Number 18/19/PBI/2016 on Foreign Currency Transactions against Rupiah between Banks and Foreign Parties (State Gazette of the Republic of Indonesia of 2016 Number 184, Supplement to State Gazette of the Republic of Indonesia Number 5927); and
- d. Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2018 Number 170, Supplement to State Gazette of the Republic of Indonesia Number 6252) as amended several times and last by Bank Indonesia Regulation Number 23/3/PBI/2021 on the Third Amendment to Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2021 Number 84, Supplement to State Gazette of the Republic of Indonesia Number 6673).

CHAPTER XIII

CLOSING PROVISIONS

Article 36

At the time when this Bank Indonesia Regulation comes into force, all regulations which are implementing regulations of:

- a. Bank Indonesia Regulation Number 18/2/PBI/2016 on Hedging Transactions under Sharia Principles (State Gazette of the Republic of Indonesia of 2016 Number 36,

Supplement to State Gazette of the Republic of Indonesia Number 5850);

- b. Bank Indonesia Regulation Number 18/18/PBI/2016 on Foreign Currency Transactions against Rupiah between Banks and Domestic Parties (State Gazette of the Republic of Indonesia of 2016 Number 183, Supplement to State Gazette of the Republic of Indonesia Number 5926);
- c. Bank Indonesia Regulation Number 18/19/PBI/2016 on Foreign Currency Transactions against Rupiah between Banks and Foreign Parties (State Gazette of the Republic of Indonesia of 2016 Number 184, Supplement to State Gazette of the Republic of Indonesia Number 5927); and
- d. Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2018 Number 170, Supplement to State Gazette of the Republic of Indonesia Number 6252) as amended several times and last by Bank Indonesia Regulation Number 23/3/PBI/2021 on the Third Amendment to Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2021 Number 84, Supplement to State Gazette of the Republic of Indonesia Number 6673),

are declared to remain effective to the extent not contrary to the provisions of this Bank Indonesia Regulation.

Article 37

At the time when this Bank Indonesia Regulation comes into force:

- a. Bank Indonesia Regulation Number 10/38/PBI/2008 on Amendment to Bank Indonesia Regulation Number 7/31/PBI/2005 on Derivative Transactions (State Gazette of the Republic of Indonesia of 2008 Number 199, Supplement to State Gazette of the Republic of Indonesia Number 4946);
- b. Bank Indonesia Regulation Number 15/8/PBI/2013 on Hedging Transactions to Banks (State Gazette of the

- Republic of Indonesia of 2013 Number 162, Supplement to State Gazette of the Republic of Indonesia Number 5451);
- c. Bank Indonesia Regulation Number 18/2/PBI/2016 on Hedging Transactions under Sharia Principles (State Gazette of the Republic of Indonesia of 2016 Number 36, Supplement to State Gazette of the Republic of Indonesia Number 5850);
 - d. Bank Indonesia Regulation Number 18/18/PBI/2016 on Foreign Currency Transactions against Rupiah between Banks and Domestic Parties (State Gazette of the Republic of Indonesia of 2016 Number 183, Supplement to State Gazette of the Republic of Indonesia Number 5926);
 - e. Bank Indonesia Regulation Number 18/19/PBI/2016 on Foreign Currency Transactions against Rupiah between Banks and Foreign Parties (State Gazette of the Republic of Indonesia of 2016 Number 184, Supplement to State Gazette of the Republic of Indonesia Number 5927); and
 - f. Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2018 Number 170, Supplement to State Gazette of the Republic of Indonesia Number 6252) as amended several times and last by Bank Indonesia Regulation Number 23/3/PBI/2021 on the Third Amendment to Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2021 Number 84, Supplement to State Gazette of the Republic of Indonesia Number 6673),
- are repealed and declared ineffective.

Article 38

This Bank Indonesia Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Bank Indonesia Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 30 June 2022

GOVERNOR OF BANK INDONESIA,

PERRY WARJIYO

Promulgated in Jakarta
on 4 July 2022

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2022 NUMBER
3/BI

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 24/7/PBI/2022
ON
TRANSACTIONS IN FOREIGN EXCHANGE MARKET

I. GENERAL

To accomplish Bank Indonesia's objective to achieve and maintain rupiah stability, it is necessary to have a liquid, efficient, transparent, and integrity money market, one of which is achieved through the development of Foreign Exchange Market.

Foreign Exchange Market in Indonesia needs to be improved so it may accommodate the dynamic global economy development and needs of market participants primarily by increasing cross-border transactions and digital economy.

Responding to such global economy development, Bank Indonesia simplifies and integrates the regulation in Foreign Exchange Market in order to increase flexibility of market participants and encourage the optimization of supply and demand of foreign exchange in Foreign Exchange Market.

The development in Foreign Exchange Market is expected to boost the achievement of ideal condition of Foreign Exchange Market, namely a deep Foreign Exchange Market and supported by good governance principles, increasing foreign exchange derivative transactions and hedging transactions under sharia principles, optimal supply and demand of foreign exchange, meeting global commitment, and adhering adaptive regulatory concept, by considering industrial needs, innovations, and international rule fulfillment.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The term “authority which have an authority over fatwa and/or sharia compliance statement issuance” means *Dewan Syariah Nasional-Majelis Ulama Indonesia (DSN-MUI)* (National Sharia Council-Indonesian Ulema Council).

Paragraph (3)

Sufficiently clear.

Article 5

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Point a

Examples of standard exchange rate derivative transaction (plain vanilla) include forward, domestic non-deliverable forward, swap, cross-currency swap, and option transactions, other than foreign currency transactions against foreign currency traded on the futures market.

Point b

Structured product transactions may be in the form of combinations of exchange rate derivative transactions with:

1. other exchange rate derivative transactions;
2. other derivative transactions; and/or
3. non-derivative.

Paragraph (4)

Point a

The term “simple hedging transaction (*aqd al-tahawwuth al-basith*)” means a hedging transaction under forward agreement scheme (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*) followed by a cash transaction at the time of maturity and the settlement is in the form of currency handover.

Point b

The term “complex hedging transaction (*aqd al-tahawwuth al-basith*)” means a hedging transaction under the scheme of sequence of cash transaction and forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*) followed by a cash transaction at the time of maturity and the settlement is in the form of currency handover.

Paragraph (5)

Sufficiently clear.

Article 6

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The term “forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*)” means mutual promise (*muwa'adah*) to make a cash transaction in a certain amount in the future in an exchange rate or calculation of agreed exchange rate at the time of mutual promise and document of forward agreement (*al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal*) is non-tradable.

Paragraph (3)

Examples of contracts commonly used by market participants and/or issued by the relevant associations, among others are Indonesia Derivative Master Agreement and International Swaps and Derivatives Association Master Agreement including credit support annex and contract on margin application.

Paragraph (4)

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Paragraph (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Transaction supporting documents among others are identity cards and/or statement letters.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Paragraph (2)

Point a

The term “final Underlying Transaction document” means a document showing the time and/or unchanging amount of revenue or foreign exchange requirements.

Point b

The term “estimation Underlying Transaction document” means a document indicating the time and/or amount of revenue or foreign exchange requirements based on a rational calculation result.

Paragraph (3)

The term “accuracy” among others includes:

- a. any document is not contrary to the laws and regulations; and
- b. any document issued by a company or institution whose existence can be ascertained.

The term “fairness” among others includes:

- a. any document is in accordance with generally applicable market practice;
- b. any transaction conducted in accordance with the Underlying Transaction document; and
- c. any transaction conducted in accordance with the historical data owned by Bank and/or in accordance with the needs of transaction participants in Foreign Exchange Market.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 9

Paragraph (1)

Point a

Activities of current account transactions among others are export, import, and income transfer (primary and secondary).

Point b

Activities of financial account transactions among others are direct investment and portfolio investment.

Point c

Activities of capital account transactions among others include capital transfer.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

Activities in fund placement among others include savings, current account, term deposit, and negotiable certificate of deposit.

Point c

Sufficiently clear.

Point d

The term “crypto asset” means an intangible asset in the form of digital assets, including those using cryptography, peer-to-peer network, and distributed ledger.

Paragraph (3)

The term “certain transactions” among others include:

- a. domestic non-deliverable forward sale transactions, for transactions having Underlying Transactions in the form of fund placement; or
- b. cross-currency swap transactions, for transactions having Underlying Transactions in the form of un-withdrawn credit or financing facilities.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Paragraph (1)

The term “certain economic activities” among others include trade using electronic system (e-commerce) and portfolio investment transactions.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 12

Point a

The term “transfer of principal fund in a full amount (gross)” means real fund transfer for each sale and/or purchase transaction of

foreign currency against rupiah in a full nominal amount of transaction or its equivalence.

Point b

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The term “certain foreign exchange derivative transactions” among others include domestic non-deliverable forward.

Article 15

The term “close-out netting” means early termination, valuation, and netting of all transactions in financial market under a contract to generate a single amount which may be billed to the other party.

Article 16

Sufficiently clear.

Article 17

Paragraph (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

The term "overdraft" means negative balance in a customer's current account which cannot be paid at the end of day.

The term “credit” means provision of money or billing equivalent thereto under a lending-borrowing approval or agreement between Bank and another party which obliges a borrower to pay their loan after a certain period with interest.

The term “financing” means provision of money or billing equivalent thereto in the form of:

1. profit sharing transaction in the form of *mudharabah* and *musyarakah*;
2. lease transaction in the form of *ijarah* or lease-purchase in the form of *ijarah muntahiya bittamlik*;
3. sale and purchase transaction in the form of receivable *murabahah*, *salam*, and *istishna'*;
4. lending-borrowing transaction in the form of receivable *qardh*; and
5. service lease transaction in the form of *ijarah* for a multi-service transaction,

under an approval or agreement between a sharia bank and/or sharia business unit and another party which obliges a party who is financed and/or extended with fund facility to repay the fund after a certain period with *ujrah*, without yield, or profit sharing.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Investment in rupiah includes among others placement in rupiah and capital participation in rupiah.

Point g

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Point a

The term “brokerage companies” means a brokerage company as referred to in Bank Indonesia Regulation on brokers in money market and foreign exchange market.

Point b

The term “electronic trading platform provider” means an electronic trading platform as referred to in Bank Indonesia Regulation on electronic trading platform providers.

Point c

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Paragraph (1)

Investor’s identity includes among others single investor identification issued by PT Kustodian Sentral Efek Indonesia and legal entity identification specified by The Global Legal Entity Identifier Foundation.

Paragraph (2)

Sufficiently clear.

Article 24

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Accounting standard includes among others financial accountant standard statement issued by *Ikatan Akuntan Indonesia* (Association of Indonesian Accountants).

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

The term “transaction implementation facility providers” include among others electronic trading platform providers and brokerage companies in Money Market and Foreign Exchange Market.

Point b

The term “clearing implementation facility providers” include among others central counterparties and clearing and insurance agencies.

Point c

The term “reporting facility operators and data and/or information management providers” include among others trade repository.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Paragraph (1)

Inspection by another party is conducted for and on behalf of Bank Indonesia.

Examples of other parties assigned by Bank Indonesia among others public accountants and public assessors.

In assigning other parties for inspection, Bank Indonesia issues a work order letter and specifies terms of reference.

Paragraph (2)

The obligation for other parties to keep confidentiality of data, information, and details obtained from the inspection will apply to all commissioners, board of directors, managers, experts, supervisory staffs, and other supporting staffs related to the inspection.

Paragraph (3)

Sufficiently clear.

Article 32

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Laws and regulations include among others provisions for prudential principles and risk management determined by the banking authority.

Article 33

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Laws and regulations include among others provisions for consumer protection determined by Bank Indonesia and the banking authority.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER
3/BI